

IRS TAX TIP 2002-35

SELLING YOUR HOME

If you sold your main home, you may be able to exclude up to \$250,000 of gain (\$500,000 for married taxpayers filing jointly) from your federal tax return, according to the IRS. This exclusion is allowed each time that you sell your main home, but generally no more frequently than once every two years.

To be eligible for this exclusion, your home must have been owned by you and used as your main home for a period of at least two years out of the five years prior to its sale. If you and your spouse file a joint return for the year of the sale, you can exclude the gain if either of you qualify for the exclusion. But both of you would have to meet the use test to claim the \$500,000 maximum amount.

If you do not meet the ownership and use tests, you may be allowed to exclude a portion of the gain realized on the sale of your home if you sold your home due to a change in health or place of employment.

If you cannot exclude all the gain from the sale of your home, use Schedule D, Form 1040, to report it.

For more details and information, get a copy of Publication 523, "Selling your Home," by calling 1-800-829-3676, or download it from the IRS Web Site at www.irs.gov.

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